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**UNITED STATES TO FURTHER EXPLORE MEXICAN PRACTICES
AFFECTING HIGH FRUCTOSE CORN SYRUP**

United States Trade Representative (USTR) Charlene Barshefsky announced today that the United States will further explore the nature and consequences of efforts on the part of the Government of Mexico to limit the importation and purchases of high fructose corn syrup (HFCS) -- a sweetener largely used in soft drinks and other food products.

"We have reason to believe that the Government of Mexico has supported and encouraged practices by the private sector that undermine the import and sale of U.S. HFCS in the Mexican market," noted Ambassador Barshefsky. "These actions have unfairly restricted U.S. exports of HFCS to Mexico."

Today's announcement grows out of an investigation initiated in May 1998 under section 302 of the Trade Act of 1974, as amended (the Trade Act), in response to a petition by the Corn Refiners Association, Inc., alleging that certain practices of the Government of Mexico deny fair and equitable market opportunities to U.S. HFCS exporters. Specifically, the matters investigated suggest that the Government of Mexico unreasonably encouraged and supported an agreement between representatives of the Mexican sugar industry and the Mexican soft drink bottling industry to limit the soft drink industry's purchases of HFCS.

"To date, the Mexican Government has failed to refute allegations that it promoted and endorsed conclusion of an agreement to limit purchases of U.S. HFCS," explained Ambassador Barshefsky. "As a result, the United States will further examine Mexican Government involvement in this matter and, as a high priority, continue consultations with the Mexican Government on issues related to trade in HFCS, with the aim of securing fair and equitable market opportunities for U.S. producers."

Mexican practices affecting U.S. exports of HFCS have already given rise to action in the World Trade Organization (WTO) and under the North American Free Trade Agreement (NAFTA). The United States is currently engaged in WTO dispute settlement with Mexico over application of antidumping measures on U.S. exports of HFCS. The United States has alleged that these measures violate the WTO Antidumping Agreement. U.S. exporters are also challenging these Mexican antidumping measures under Chapter 19 of the NAFTA.

